

## Message Text

CONFIDENTIAL

PAGE 01 STATE 038058

71-62

ORIGIN NEA-07

INFO OCT-01 SS-14 ISO-00 EB-03 NSC-05 NSCE-00 INR-05

CIAE-00 SP-02 IGA-01 OMB-01 TRSE-00 IO-03 L-01 EUR-08

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DRAFTED BY NEA/EGY:GBROWN - E:RPOATS:AFJ

APPROVED BY E-CWROBINSON

NEA:SSOBER

S/S -PSHANKLE

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P 172341Z FEB 76

FM SECSTATE WASHDC

TO AMEMBASSY CAIRO PRIORITY

C O N F I D E N T I A L STATE 038058

LIMDIS

E.O. 11652: GDS

TAGS: EAID, USEGJC, OVIP ROBINSON, CHARLES W.

SUBJECT: PASSING THE HAT FOR EGYPT

REF: CAIRO 939, CAIRO 685, CAIRO 0005, STATE 11911

1. WE HAVE DECIDED TO ACCEDE PARTIALLY TO FAHMY'S  
INSISTENCE THAT USG AGAIN IN 1976 TAKE INITIATIVE IN  
ENCOURAGING GENEROUS INTERNATIONAL AID TO EGYPT. THIS  
INITIATIVE IS TO BE LIMITED TO THE CONVENING BY  
AMBASSADOR EILTS, IF FEASIBLE, OF A MEETING OF  
AMBASSADORS OF POTENTIALLY INTERESTED NATIONS (ARAB AS  
WELL AS OECD COUNTRIES AND IRAN) AND IBRD AND POSSIBLY IMF  
VISITING REPRESENTATIVES DURING UNDER SECRETARY ROBINSON'S  
VISIT, AT WHICH EGYPTIAN MINISTERS WOULD HAVE OPPORTUNITY  
TO PRESENT THEIR CASE FOR ADDITIONAL FINANCIAL ASSISTANCE.  
AT THIS MEETING USG WOULD TAKE POSITIVE LINE BUT WOULD  
CONFIDENTIAL

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PAGE 02 STATE 038058

NOT AGREE TO CONVENE FURTHER MEETINGS OR OTHERWISE TAKE

LEAD IN INTERNATIONAL FUND RAISING. WE WOULD CONTINUE TO LOOK TO GOE TO TAKE NEXT STEPS AND WOULD OFFER OUR SUPPORT TO THEIR EFFORTS BUT NOT RELIEVE THEM OF RESPONSIBILITY.

2. WITH REGARD TO ROLE OF IBRD AND IMF IN AN INTERNATIONAL GROUP CONCERNED WITH SUPPORT OF EGYPTIAN DEVELOPMENT AND CURRENT ECONOMIC MAINTENANCE, WE WOULD PREFER TO LEAVE THIS TO GOE TO WORK OUT WITH WITTEVEEN AND MCNAMARA. SADAT'S INVITATIONS TO THEM AND PREPARATORY DISCUSSIONS WITH WAPENHANS AND GUNTHER NEXT WEEK ENCOURAGE HOPE THAT EGYPTIANS WILL COME TO REALIZATION THAT THEY MUST WIN PASSING GRADES FROM BANK AND ULTIMATELY FROM FUND TO SUSTAIN LEVEL OF FOREIGN AID TO WHICH THEY HAVE BECOME ACCUSTOMED. WE CAN COUNT ON MCNAMARA AND WITTEVEEN TO OFFER THE POLICY PRESCRIPTIONS, WITHOUT NECESSITY OF OUR LECTURING EGYPTIANS ON THEIR SINS.

3. AMBASSADOR IS REQUESTED TO EXPLORE WITH FAHMY THE CONVENING ON FEB. 27 OF MEETING WITH EXPLICITLY LIMITED PURPOSE OUTLINED ABOVE. IF HE WOULD PREFER THAT IT BE HELD ON PREMISES OF MINISTRY OF ECONOMIC COOPERATION OR UNDER SHAFEI'S AUSPICES, SO MUCH THE BETTER. OTHERWISE, ASSUME IT SHOULD BE IN US EMBASSY CONFERENCE ROOM.

4. WE WOULD LOOK TO SHAFEI AND OTHER APPROPRIATE EGYPTIANS TO MAKE COMPLETE PRESENTATION OF EGYPT'S NEEDS AND CASE FOR ADDITIONAL AID, BOTH NON-PROJECT AND PROJECT. PRESENTATION SHOULD BE ACCOMPANIED BY STATISTICAL TABLES AND COVER: (A) BALANCE OF PAYMENTS SITUATION; (B) SHORT AND LONG-TERM DEBT SITUATION AND PAYMENTS DUE IN 1976; (C) ANTICIPATED EXTERNAL FINANCE, OFFICIAL AND PRIVATE, TO MEET IMPORT FINANCING AND DEBT FINANCING OBLIGATIONS; (D) FURTHER MEASURES GOE TAKING OR CONTEMPLATING TO MINIMIZE NEED FOR ADDITIONAL OFFICIAL AID AND PRIVATE BORROWING; (E) REVIEW OF HOW CY 1975 AID WAS USED AND COMPARISON OF 1975 AND 1976 COMPONENTS OF PROBLEM AND SOLUTIONS; (F) RELATIONSHIP OF LONG-TERM DEVELOPMENT PROGRAM TO IMMEDIATE BALANCE OF

CONFIDENTIAL

PAGE 03 STATE 038058

PAYMENTS PROBLEM; (G) MEASURES BEING TAKEN AND PLANNED IN MAJOR ECONOMIC SECTORS TO RAISE DOMESTIC PRODUCTIVITY AND FOREIGN EXCHANGE EARNINGS AND SAVINGS; (H) EGYPTIAN IDEAS ON POSSIBLE STRUCTURE OF INTERNATIONAL AID CONSULTATIVE GROUP OR CONSORTIUM, INCLUDING ROLE OF INTERNATIONAL FINANCIAL AGENCIES.

5. REQUEST COMMENT OR REPORT OF ACTION BEFORE NOON

FEBRUARY 19 EST AS ROBINSON PARTY DEPARTING MIDAFTERNOON  
FEB 19. INGERSOLL

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NNN

## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 JAN 1994  
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